THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) The Government, Reserve Bank of India (RBI) and Securities and Exchange Board of India (SEBI) have announced series of measures to deal with the global financial crisis to stabilize the economy. Steps announced by the Prime Minister's Office dated 7th December, 2008 is available at *http://pib.nic.in/release/release.asp?relid-45376&kwd*

The steps, *inter alia,* include (i) Additional Plan Expenditure, (ii) Reduction in Cenvat, (iii) Measures to Support Exports, (iv) Housing, (v) Medium, small and micro enterprises (MSMEs) Sector, (vi) Textiles, (vii) Infrastructure Financing, etc.

(c) Yes, Sir. Industrial activity, particularly in the manufacturing and infrastructure sectors, is decelerating. The services sector too is slowing, mainly in construction, transport and communication, trade, hotels and restaurants sub-sectors.

(d) In addition to the steps described in the answer to parts (a) and (b). The Government, Reserve Bank of India (RBI) and Securities and Exchange Board of India (SEBI) are closely monitoring the situation and are taking all necessary steps to help the industry, including the private sector to face the challenges of economic crisis.

**Impact of global financial crisis in India**

1603. DR. T. SUBBARAMI REDDY: Will the PRIME MINISTER be pleased to state:

(a) whether he after attending G-20 Summit in Washington had called a high level committee meeting to discuss the impact of global financial crisis in India;

(b) if so, whether among the measures discussed also included injecting some liquidity in the system as Reserve Bank of India is set to announce the cuts;

(c) whether Government has also decided to take fresh booster steps;

(d) whether Government is also working at Rs. 50,000 crores credit loan for infrastructure;

(e) whether experts have also called for new policies to boost infrastructure; and

(f) if so, the main decision arrived at and the steps being taken in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (f) Government has constituted an Apex group headed by the Prime Minister with Finance Minister, Industry and Commerce Minister, Deputy Chairman, Planning Commission and the Governor, Reserve Bank of India (RBI) as the members. After attending G-20 Summit in Washington on 15th November, 2008, the Prime Minister took a meeting of the Apex Group on 17th November, 2008 in New Delhi to discuss the issues concerning global financial crisis, its impact on Indian economy and the response of the Government thereto. Government has issued a Press Release dated 7th December, 2008 detailing the growth stimulus measures taken by it, which *inter-alia*, include across-the-board cut of 4% in ad valorem Cenvat, interest subvention on export credit for labour intensive exports, allocation of additional funds for full refund of Terminal Excise Duty / CST and for export incentive scheme, refinance facility of Rs. 7,000 crore to SIDBI by RBI to support medium, small and micro enterprises (MSMEs) sector, and authorisation to India Infrastructure

Finance Company Ltd. (IIFCL) to raise Rs. 10,000 crore through tax-free bonds by 31.03.2009. Further, depending on the need, IIFCL will be permitted to raise further resources by issue of such bonds. These initiatives will support a Public Private Partnership (PPP) program of Rs. 1,00,000 crore in the highways sector.

In response to the evolving global and domestic developments, Government and RBI have taken a number of measures since mid-September 2008 to augment domestic and forex liquidity and to enable banks to continue to lend for productive purposes, while maintaining credit quality so as to sustain the growth momentum. Government and RBI have issued a series of Press Releases indicating the measures taken by them, which are available at websites of Government of India *(www.pib.nic.in)* and RBI *(www.rbi.org.in)*. Government and RBI continue to closely monitor the developments in the global and domestic financial markets and will take swift and effective action as appropriate.

**Fraud in scheduled commercial banks**

1604. SHRI T.K. RANGARAJAN: Will the PRIME MINISTER be pleased to state:

(a) how many cases of fraud involving the Scheduled Commercial Banks have so far been reported to the Fraud Monitoring Cell of the Reserve Bank of India for the period April, 2004 to March, 2007; and

(b) what is the action taken by the Fraud Monitoring Cell in such cases and the result thereof ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) 47982 fraud cases have been reported by scheduled commercial banks to Reserve Bank of India during the period from April 2004 to March 2007.

(b) On receipt of fraud report from banks, RBI advises the concerned banks to report the case to CBI/State Police/Serious Fraud Investigation Office (SFIO), examine staff accountability, complete proceedings against the erring staff expeditiously, take steps to recover the amount involved in the fraud, claim insurance wherever applicable and streamline the system and procedures so that frauds do not recur.

Some of the important measures taken by RBI in this regard are furnished below :

- Introducing a system of concurrent audit in banks.
- Reviewing the working of internal inspection and audit machinery in banks by the Audit Committee of the Board of Directors.
- Advised banks to constitute a Special Committee of the Board exclusively for monitoring frauds of Rs.1.00 crore and above.
- On the basis of recommendations made by the Mitra Committee on legal aspects of bank frauds, banks were advised to take various preventive steps *viz*. Development of Best Practice Code (BPC), System of internalization of BPC, strengthening internal checks and internal controls and introducing Legal Compliance Audit.

Besides above, Reserve Bank of India as a part of its supervisory process has been sensitizing banks from time to time about common fraud prone areas, modus operandi of frauds and the measure to be taken by them to prevent/reduce the incidence of frauds in banks.